

U.S. Department of the Treasury  
Financial Crimes Enforcement Network

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## Use of Shell Corporations, Foreign Shell Banks Examined in SAR Activity Review

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The seventh issue of *The SAR Activity Review – Trends, Tips & Issues*, released today by the Financial Crimes Enforcement Network (FinCEN), provides analysis on the suspected use of United States-based shell corporations and foreign shell banks by some Eastern European criminals to move money through correspondent bank accounts. Based on information contained in Suspicious Activity Reports, *The Review* also contains a list of “red flags” for financial institutions to help them identify transactions potentially involving shell corporations and foreign shell banks.

*The Review* is a product of ongoing dialogue and collaboration between the nation’s financial institutions, law enforcement officials, and regulatory agencies to provide feedback to financial institutions on the use and value of Suspicious Activity Reports.

“It is critical that FinCEN provide meaningful feedback to financial institutions on the trends that our analysis uncovers from the data,” said William J. Fox, Director of FinCEN. “This is also a valuable way for us to tell the financial community how their reporting is providing highly valuable information for law enforcement.”

*The Review* also illustrates the breadth of information being obtained as financial institutions become more attuned to the complexities of money laundering. For example, the use of electronic benefit transfer cards in food stamp fraud and suspicious endorsed/third-party checks negotiated abroad and cleared through international cash letters is discussed. A growing trend in attempts to obtain Refund Anticipation Loans based on fraudulently filed tax returns is also featured and contains important information for financial institutions on identifying this type of criminal activity which, until recently, has not received much attention.

Additionally, *The Review* provides an update on Suspicious Activity Report forms filed by broker-dealers in securities after their first year of mandated suspicious activity reporting; a continuing look at money laundering activities related to the use of automated teller machines to move illicit proceeds; and information about consumer loan fraud.

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An update on the Section 314(a) information sharing process illustrates the effectiveness of this USA PATRIOT Act tool in support of significant investigations involving terrorism or money laundering. Also included are examples of how law enforcement agencies used Suspicious Activity Report filings in cases involving various kinds of criminal activity.

*The Review* is available online on FinCEN's website at [www.fincen.gov](http://www.fincen.gov).

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